

Over 10,000 job losses announced in one week

Robert Stevens
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Over 10,000 jobs losses were announced in the last week in Britain. Jobs were cut in auto, textile, construction, banking and the defence industries. A recent survey found that one job was being lost in the UK every 10 seconds. The total number of major job losses announced since June now stands at 37,655.

On November 26, the clothing manufacturer Dewhirst axed 600 jobs at its Stoke on Trent and Teeside factories. The company blamed falling orders from the retail company Marks & Spencer.

The next day, auto producer Rover announced that 2,500 jobs would go as a result of the firm's parent company, BMW, restructuring its British operations. Most are expected to be lost at the firm's Longbridge plant in Birmingham. Rover has blamed the high value of the pound and low productivity for the staff cuts. Rover already shed 1,500 jobs in June.

On November 30, the merger of Bankers Trust with Deutsche Bank was announced. Some 5,500 posts will go world-wide. Of these losses 2,000 are in London. On the same day, Rugby Cement, one of the UK's largest producers, said it was going to shut two window frame-making factories in Doncaster and Gloucester, axing 400 jobs. The company said that the recession in the UK window and door market, and cheap foreign imports, were responsible.

Courtaulds Textiles, another major supplier to Marks & Spencer, announced December 1 that it was closing eight factories, shedding 1,225 workers. Courtaulds--which recently acquired the Claremont group--said the losses were necessary to increase "efficiency". A further 100 workers are also to be sacked at the company's divisional headquarters in Selston and Rotherham. Courtaulds Textiles chief executive Colin Dyer said, "This move is essential to ensure that we remain competitive in the international, fast-moving clothing business; we have decided to concentrate our manufacturing on our most efficient

sites."

The same day, United Glass announced it was closing its plant in St Helens' Lancashire, axing 450 jobs. The glassmaker cited a drop in demand for glass packaging and international competition from firms producing more cheaply. United Glass also pointed to a general glut in glass making throughout Europe

On December 3, the General Electric Company (GEC) said it was cutting 1,000 jobs at its Marconi Communications subsidiary at Chelmsford and Dagenham and another 500 at its defence electronic divisions. GEC--which shed 500 jobs from its electronics division earlier this year--has seen profits rise to £1.39 billion from £415 million last year.

The crisis in the textile industry is a clear indication of the depth of the recession and the impact of the global economy on the UK. Manufacturers are carrying out major restructuring to enable them to compete with cheaper international rivals and to make up for the loss of markets in the Far East following the collapse of many south-east Asian economies.

Over 2,000 textile jobs have been lost in the Northeast alone over the last 2 months. It is estimated that 500 jobs a week are going in textiles and that a total of 25,000 could be lost this year. Textile firms employ 370,000 workers or 10 percent of the entire manufacturing sector in Britain.

Marks & Spencer is one of the main outlets for the UK's textiles industry. The company, which reported a fall in profits last month, has recently stated that it intends to increase its orders to overseas suppliers in an attempt to cut costs.

Another of Marks & Spencer's main suppliers, William Baird, announced two weeks ago that it would close two more factories with the loss of 477 jobs. The company closed three of its factories in October, axing 435 workers.

Last month the London Business School (LBS) and

Oxford Economic Forecasting predicted that the UK economy would grow by only 0.9 percent next year. This is below the government's estimate of between 1 and 1.5 percent growth in 1999.

The LBS also forecast a full-blown manufacturing recession next year, with output falling by 1 percent during 1999. Its report said that consumer and business demand would fall dramatically next year, from 4 percent to 1.5 percent in 1999. It cited fear of unemployment as a key reason.

Last week, the Confederation of British Industry forecast that economic growth in 1999 will fall to near 0.8 percent, a figure considerably lower than the government's prediction, and that economic growth in 2000 would be far lower than the Treasury's forecast of 2.25 to 2.75 percent. The CBI said that the crisis had now shifted from exports to domestic demand.

Two other economic surveys of the UK forecast even lower growth in the economy. The Organisation for Economic Co-operation and Development said the UK economy was set to grow by just 0.8 percent next year and 1.5 percent in 2000. Another report from investment bankers Lehman Brothers has adjusted its economic forecast downwards for 1999, and predicted growth of just 0.2 percent. Their report--which stated that the UK would be in recession in the first half of next year--also predicted that the Bank of England would have to cut interest rates again at its December 10 meeting.

See Also:

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[5 December 1998]

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